

## IN THE UNITED STATES DISTRICT COURT

## FOR THE NORTHERN DISTRICT OF CALIFORNIA

11 ALIGN TECHNOLOGY, INC.,

No. C-05-2948 MMC

12 Plaintiff,

v.

**ORDER DENYING ORTHOCLEAR,  
INC.'S MOTION TO STAY; VACATING  
HEARING**13 ORTHOCLEAR, INC. and ORTHOCLEAR  
14 HOLDINGS, INC.,

15 Defendants

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17 Before the Court is defendant OrthoClear, Inc.'s ("OrthoClear") motion to stay the  
18 above-titled action.<sup>1</sup> Plaintiff Align Technology, Inc. ("Align") has filed opposition, to which  
19 OrthoClear has replied. Having read and considered the papers filed in support of and in  
20 opposition to the motion, the Court deems the matter appropriate for decision on the  
21 papers, VACATES the hearing scheduled for January 27, 2006, and rules as follows.22 **A. Stay Pending Resolution of Registration Proceeding**23 OrthoClear argues that the instant action should be stayed, pursuant to the primary  
24 jurisdiction doctrine, pending resolution of the registration proceeding before the Trademark  
25 Trial and Appeals Board ("TTAB").

26 Although some district courts have granted a stay in light of such proceedings,

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28 <sup>1</sup>The other defendant, OrthoClear Holdings, Inc. ("Holdings"), has not joined in the  
instant motion. Holdings has previously filed a motion to dismiss for lack of personal  
jurisdiction, which is set for hearing on May 12, 2006.

1 reasoning that the TTAB's opinion, although "advisory," would be "valuable," see, e.g.,  
 2 Citicasters Co. v. Country Club Communications, 1997 WL 715032, \*2 (C.D. Cal. 1997),  
 3 the Court finds the decisions declining to stay under such circumstances more persuasive,  
 4 see, e.g., E. & J. Gallo Winery v. F. & P. S.p.A., 899 F. Supp. 465, 467-68 (E.D. Cal. 1994)  
 5 (discussing factors weighing against stay; noting, e.g., that "disappointed party from a  
 6 TTAB proceeding may bring a civil action in a United States District Court, 15 U.S.C.  
 7 § 1071(b), and then receive trial de novo of the very same issue," and that TTAB finding  
 8 regarding "validity or invalidity of [a party's] registrations is not dispositive in an infringement  
 9 suit"); see also Goya Foods, Inc. v. Tropicana Products, Inc., 846 F. 2d 848, 853-54 (2nd  
 10 Cir. 1988) (holding stay of infringement action pending resolution of TTAB registration  
 11 proceeding not warranted because, inter alia, "interest in prompt adjudication [of  
 12 infringement action] far outweighs the value of having the views of the [TTAB]" presented to  
 13 district court). Further, the instant action includes claims not implicated by the TTAB  
 14 proceeding, such as Align's unfair competition claims. Under such circumstances, the  
 15 Court would have two choices, neither of which is desirable: to conduct the scheduled  
 16 October 2006 trial as to the non-trademark claims only or to stay all claims, including those  
 17 that have no connection with the TTAB proceeding. See Gallo Winery, 899 F. Supp. at 468  
 18 (holding where civil action includes claims not implicated in TTAB proceeding, such factor  
 19 weighs against stay).

20 Accordingly, the Court declines to exercise its discretion to stay the action, either in  
 21 its entirety or any part thereof, pending resolution of the TTAB proceeding.

22 **B. Stay Pending Resolution of State Court Proceeding**

23 OrthoClear argues the instant action should be stayed pending resolution of the  
 24 Second Amended Cross-Complaint filed by OrthoClear in a state court proceeding between  
 25 the parties hereto, specifically, Align Technology, Inc. v. OrthoClear, Inc., et al., Case No.  
 26 CGC-05-438361 (Superior Court of the State of California, County of San Francisco).

27 Under the "Colorado River doctrine," a district court may "stay federal proceedings  
 28 pending the resolution of concurrent state court proceedings involving the same matter" if

1 "extraordinary circumstances" are present. See Holder v. Holder, 305 F. 3d 854, 859, 867  
 2 (9th Cir. 2002) (citing Colorado River Water Conservation Dist. v. United States, 424 U.S.  
 3 800 (1976)).

4        "In [the Ninth] Circuit, the narrow Colorado River doctrine requires that the pending  
 5 state court proceeding resolve all issues in the federal suit." See Holder, 305 F. 3d at 859.  
 6 Here, OrthoClear has not shown that the state court action will resolve all of the issues  
 7 presented in the instant action, but only that the operative cross-complaint therein presents,  
 8 at most, two issues of fact also presented in Align's complaint herein.<sup>2</sup> Although a failure of  
 9 this nature is "dispositive," see id. at 870, the Court has considered the other Colorado  
 10 River factors, see id. (setting forth factors), and finds, on balance, such factors likewise do  
 11 not support a stay:

12        1. Whether the state court first assumed jurisdiction over property

13        This factor is inapplicable to the instant action.

14        2. Inconvenience of the federal forum

15        As OrthoClear's principal place of business is San Francisco, the federal forum is  
 16 not inconvenient, and this factor weighs against a stay.

17        3. Desirability of avoiding piecemeal litigation

18        Although promotion of efficiency and judicial economy favor a stay,<sup>3</sup> this factor does  
 19 not weigh heavily in that regard where, as here, there is little likelihood of the two court's  
 20 reaching conflicting decisions. See Kelly Investment, Inc. v. Continental Common Corp.,  
 21 315 F. 3d 494, 498-99 (5th Cir. 2002) (holding stay under Colorado River improper where  
 22 primary factor weighing in favor of stay is avoidance of piecemeal litigation, because "the

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24        <sup>2</sup>The state court action will not, for example, resolve Align's trademark-related  
 25 claims, (see, e.g., Compl. ¶¶ 35-36), and will not resolve the issue of whether certain  
 26 statements allegedly made by OrthoClear were false or misleading, (see, e.g., Compl.  
 ¶ 28(2)).

27        <sup>3</sup>A state court would have concurrent jurisdiction over the federal claims alleged by  
 28 Align herein. See Duggan's Funeral Service, Inc. v. Duggan's Serra Mortuary, Inc., 80 Cal.  
 App. 4th 151, 158 (2000) (holding "in cases arising under the Lanham Act, the jurisdiction  
 of federal and state courts is concurrent").

1 problem of inconsistent judgments can be obviated through a plea of res judicata should  
2 one court render judgment before the other").

3       4. Order in which jurisdiction was first obtained by the concurrent forums

4       OrthoClear filed its initial state court pleading in February 2005, five months before  
5 Align instituted the instant federal action in July 2005. The sequence of those filings is  
6 entitled to little weight, however, in that (1) OrthoClear did not file its operative state court  
7 pleading until December 2005, and such pleading is the subject of a pending notice of  
8 demurrer, set for hearing in February 2005, and (2) the state court has not set a trial  
9 schedule, whereas trial of the instant action is scheduled to begin in October 2006. See  
10 Kelly Investment, 315 F. 3d at 499 (holding where, in light of procedural posture of federal  
11 and state actions, "there is a strong chance that the federal court will be the first to render a  
12 decision," fact that state court proceeding was instituted first is entitled to little weight under  
13 Colorado River).

14       5. Whether federal law or state law provides the rule of decision on the merits

15       As the instant complaint is based primarily on federal claims, this factor weighs  
16 against a stay.

17       6. Whether the state court proceedings are inadequate to protect the federal  
18 litigant's rights

19       As all of the instant claims can be brought together and adjudicated in either federal  
20 or state court, this factor weighs neither in favor of or against a stay.

21       7. Whether exercising jurisdiction would promote forum shopping

22       As there is no assertion that Align has engaged in forum shopping, this factor weighs  
23 neither in favor of or against a stay.

24       Accordingly, the Court declines to exercise its discretion to stay the action pending  
25 resolution of the state court proceeding.

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## CONCLUSION

For the reasons stated, OrthoClear's motion to stay is hereby DENIED.

# IT IS SO ORDERED.

Dated: January 26, 2006

*Maxine M. Chesney*  
MAXINE M. CHESNEY  
United States District Judge